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SENSITIVE BUT UNCLASSIFIED

STATE FOR EEB/IEC, WHA/EPSC, WHA/CAR  
ENERGY FOR POLICY/INTERNATIONAL Q GWARD, SBROWNE  
SAN JOSE FOR REGIONAL ENVIRONMENTAL HUB

E.O. 12958: N/A

TAGS: [ENGR](#) [EPET](#) [EIND](#) [TD](#)

SUBJECT: DROP IN T&T PROVEN GAS RESERVES

¶1. (U) Summary: Ryder Scott's annual audit of Trinidad and Tobago's gas reserves released on September 2 showed a decline in the country's proven gas reserves from 16.99 trillion cubic feet (tcf) in December 2007 to 15.37 tcf in December 2008. The audit found, however, an increase in the nation's probable gas reserves from 7.88 tcf to 8.45 tcf and an increase in possible gas reserves from an estimated 5.89 tcf to 6.29 tcf over the same time period. End Summary.

¶2. (U) In a public response, Energy Minister Conrad Enill highlighted the GOTT's intention to offer six shallow blocks for competitive bidding in Q1 of 2010, four off the north coast and two off the east coast. Enill said that the six blocks comprised 870,000 hectares and contained gas reserves of 8.3 tcf of unrisks identified exploration resources. He added that a study of deep waters areas has been completed and anticipates a subsequent bidding round in Q2 2010. Enill said that the new proposals would fall under a revised tax regime structured to further incentivize gas field exploration and development.

¶3. (U) Energy Ministry Permanent Secretary Leroy Mayers told Econoff that the drop in proven reserves was predominantly due to companies' hesitation to invest in expensive exploration and development in the current economic climate. He expressed confidence that future exploration will show a continued increase in proven reserves. Mayers said that a government team is currently holding discussions in London to promote investment. He said that the current fiscal scheme is "not in line with the economics" and that the tax system needed to be revised to make investment less costly for operators.

¶4. (U) In a separate discussion, Atlantic LNG (ALNG) External Affairs Advisor Terrence Walker concurred with Mayers, saying that ALNG's geologists and technicians are similarly confident that with future exploration the figures for proven reserves will continue to increase.

¶5. (SBU) Comment: The timing of the Ryder report's public release appears to be part of a concerted effort to mitigate public criticism toward the upcoming national budget announcement scheduled less than a week away, on September 7th. Both Mayers and Walker expressed privately their impatience with the current fiscal regime and their hope that the audit's findings will influence public opinion and spur the Cabinet to take what they view as necessary actions to further incentivize foreign investment. End Comment.

KUSNITZ